

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 19, 1975

EXAMINER HEARING

-----)
 IN THE MATTER OF:)
)
 Application of Tesoro Petroleum)
 Corporation for a unit agreement,)
 San Juan County, New Mexico.)
)
 -----)

Case No.
5416

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

<p>For the New Mexico Oil Conservation Commission:</p>	<p>Thomas Derryberry, Esq. Legal Counsel for the Commission State Land Office Bldg. Santa Fe, New Mexico 87501</p>
<p>For the Applicant:</p>	<p>Randolph M. Richardson, Esq. Tesoro Petroleum Corporation Roswell, New Mexico</p>

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MR. NUTTER: We call the next case, No. 5416.

MR. DERRYBERRY: Case 5416. Application of Tesoro Petroleum Corporation for a unit agreement, San Juan County, New Mexico.

MR. RICHARDSON: Randolph M. Richardson, Roswell, New Mexico, appearing on behalf of Applicant. We have one witness.

(Witness sworn.)

BENNETT L. PRICE

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. RICHARDSON:

Q Mr. Price, would you please state your name and present occupation?

A I'm Bennett L. Price, Manager of the Western District for Tesoro Petroleum Corporation.

Q Would you please state your educational and professional background which would enable you to testify as a witness in this Case?

A I have a Bachelor of Science Degree from Texas Tech University in Lubbock, Texas; I have been a geologist for 13 years.

Q Are you familiar with the Coal Creek Unit Area and the matters contained in the Application to the Commission for approval of the unit agreement?

A Yes, I am.

MR. RICHARDSON: Are the qualifications acceptable?

MR. NUTTER: Yes, they are.

BY MR. RICHARDSON:

Q Is the form of unit agreement that prescribed by federal regulations?

A Yes, it is.

Q Has the unit area been designated by the United States Geological Survey as an area logically suitable for development under unit plan of operation?

A It has been through the Roswell District USGS Office.

Q It is now in Denver for final designation. Could you please tell the Commission the total number of acres within the unit area and the number and percentages of Federal and State lands?

A There are 11,245.11 acres in the unit area of which 9945.31 acres is Federal acreage and 1280 acres would be State acreage.

Q Could you please tell the Commission the township

and range in which the unit is located and the approximate location in reference to the nearest town?

A Okay. The unit is encompassed in Township 23 North, Range 12 and 13 West, San Juan County.

Q Now, would you please refer to the Geological Report which has been handed to the Examiner and refer to Exhibits 1 through 4. Was this report prepared by you or under your direct control and supervision?

A This report was prepared by me.

Q Would you please briefly review the report, referring to the maps by name, and indicating the significance of such maps and their offsets?

A Okay. The report has been designated as Item 1 and I have there Item 2 would be a regional geographic map showing the location of the Coal Creek Unit in respect to geographic areas. Item 3 would be a structure map which is a geological map again showing the unit area and designating the objection formation that we would be looking for in reference to a subsea datum graneros shell. Item 4 would be a cross section of the log that I have used to geologically interpret the Coal Creek Unit. I believe that's all of my Exhibits.

Q Would you please tell the Commission the conclusions

as to the formations likely to be encountered in the prospective zones as to which you're shooting for.

A The prospective zones for the Coal Creek Unit is the Dakota; I've designated it as a B2 sand on the cross section Item 4, and the Dakota Formation would be fully tested with a 4700-foot test. This would penetrate the Dakota Formation and be to the Morrison Formation.

Q Could you give the Commission the projected depth, which you have already done as 4700 feet, and the location for the initial test well.

A The location of the initial test well would be in the southwest southwest of 24, Township 23 North, 13 West.

Q Have the other working-interest owners within the Unit been contacted?

A Yes, they all have been contacted.

Q In your opinion, what percentage of the working interest will be committed?

A By all indications, 95 percent of the working interest participants within the unit area will commit to the unit and I believe that this will all be in by the end of this week.

Q And the royalty will be approximately what percent

committed?

A Approximately 90 percent.

Q In your opinion will the operation of this area under the proposed unit plan of operation be in the interests of conservation and the prevention of waste?

A Yes, it will.

Q In the event of the production will the correlative rights of all parties to the unit be protected?

A Yes, they will be protected.

MR. RICHARDSON: I might add that the unit area, Mr. Examiner, was cut down to some extent due to a lot of Indian allotted land. The yellow structure outlined goes outside the unit area, but most of that is Indian allotted land and we do not have time, we have a Federal lease expiring February 28th, so we have got until February 28th to get the thing approved, which is one reason the unit outline was cut down even though it's overlapping some.

MR. PRICE: I might also add that the -- even though the yellow outline that you see on Exhibit 3 does go outside the unit area, structurally I feel that the 90 percent or 95 percent of the producing area from this Dakota B2 sand would be contained within the unit area.

MR. NUTTER: Is there provision made in the unit agreement for expansion of the unit area in the event that it should become desirable?

MR. PRICE: Yes.

MR. RICHARDSON: We would now like to enter Exhibits 1 through 4 into evidence.

MR. NUTTER: Tesoro's Exhibits 1 through 4 will be admitted in evidence.

(Whereupon, Tesoro's Exhibits Nos. 1 through 4 were admitted into evidence.)

MR. NUTTER: Are there any questions of this Witness? If not he may be excused. Do you have anything further, Mr. Richardson?

MR. RICHARDSON: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 5416? We will take the case under advisement.

STATE OF NEW MEXICO)
)
 COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.



 RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5416, heard by me on 2/19, 1925.
 _____, Examiner
 New Mexico Oil Conservation Commission